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20 Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

21 In re:
 22 USA COMMERCIAL MORTGAGE COMPANY,

23 Debtor.

24 Case No. BK-S-06-10725 LBR
 25 Case No. BK-S-06-10726 LBR
 26 Case No. BK-S-06-10727 LBR
 27 Case No. BK-S-06-10728 LBR
 28 Case No. BK-S-06-10729 LBR

29 In re:
 30 USA CAPITAL REALTY ADVISORS, LLC,

31 Debtor.

32 Chapter 11

33 In re:
 34 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 35 Debtor.

36 **Jointly Administered Under
 37 Case No. BK-S-06-10725 LBR**

38 In re:
 39 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 40 Debtor.

41 **MONTHLY OPERATING REPORT
 42 FOR MAY 2006
 43 (AFFECTS USA CAPITAL REALTY
 44 ADVISORS, LLC)**

45 In re:
 46 USA SECURITIES, LLC,
 47 Debtor.

48 Affects:

- 49 All Debtors
- 50 USA Commercial Mortgage Company
- 51 USA Capital Realty Advisors, LLC
- 52 USA Capital Diversified Trust Deed Fund, LLC
- 53 USA Capital First Trust Deed Fund, LLC
- 54 USA Securities, LLC

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re: USA Capital Realty Advisors, LLC

Case No. 06-10726-LBRCHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 05/31/06PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

	End of Current Month	End of Prior Month	As of April 13, 2006
2. Asset and Liability Structure			
a. Current Assets	\$1,250,631	\$1,240,872	
b. Total Assets - See Note 2 below	\$1,398,382	\$1,389,089	
c. Current Liabilities	\$129,295	\$992	
d. Total Liabilities - See Note 2 below	\$254,519	\$126,216	
3. Statement of Cash Receipts & Disbursements for Month	Current Month	Prior Month	Cumulative (Case to Date)
a. Total Receipts	\$195,273	\$0	\$195,273
b. Total Disbursements	\$196,290	\$0	\$196,290
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$1,017)	\$0	(\$1,017)
d. Cash Balance Beginning of Month	\$122,706	\$122,706	\$122,706
e. Cash Balance End of Month (c + d)	\$121,689	\$122,706	\$121,689
4. Profit/(Loss) from the Statement of Operations	Current Month	Prior Month	Cumulative (Case to Date)
5. Account Receivables (Pre and Post Petition)	(\$119,010)	\$115,506	
6. Post-Petition Liabilities	\$1,113,018	\$1,102,249	
7. Past Due Post-Petition Account Payables (over 30 days)	\$129,295	\$992	
	\$0	\$0	

At the end of this reporting month:

8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) Yes No
x

9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) Yes No
x

10. If the answer is yes to 8 or 9, were all such payments approved by the court? Yes No
x

11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) Yes No
x

12. Is the estate insured for replacement cost of assets and for general liability? Yes No
x

13. Are a plan and disclosure statement on file? Yes No
x

14. Was there any post-petition borrowing during this reporting period? Yes No
x

15. Check if paid: Post-petition taxes ; U.S. Trustee Quarterly Fees ; Check if filing is current for: Post-petition tax reporting and tax returns:
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 6/20/2006

Responsible Individual

STATEMENT OF OPERATIONS
(General Business Case)
For the Month Ended 05/31/06

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 05/31/06

Assets

		<u>From Schedules</u>	<u>Market Value</u>
	Current Assets		
1	Cash and cash equivalents - unrestricted		\$121,689
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$1,113,018
4	Inventory	B	\$0
5	Prepaid expenses		\$458
6	Professional retainers		\$15,000
7	Other: <u>Period End Accrual</u>		\$466
8			
9	Total Current Assets		<u>\$1,250,631</u>
	Property and Equipment (Market Value)		
10	Real property	C	\$0
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$0
16	Other: _____	D	_____
17		D	_____
18		D	_____
19		D	_____
20		D	_____
21	Total Property and Equipment		<u>\$0</u>
	Other Assets		
22	Loans to shareholders		
23	Loans to affiliates		
24	Investments in Affiliates		\$147,751
25			
26			
27			
28	Total Other Assets		<u>\$147,751</u>
29	Total Assets		<u>\$1,398,382</u>

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other: <u>Management Fees</u>	
42		
43		
44	Total Current Liabilities	<u>\$129,295</u>

Long-Term Post-Petition Debt, Net of Current Portion

45	Total Post-Petition Liabilities	<u>\$129,295</u>
----	--	------------------

Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$0
48	Priority unsecured claims	F	\$0
49	General unsecured claims - See Note 2 on Summary	F	<u>\$125,224</u>
50	Total Pre-Petition Liabilities		<u>\$125,224</u>
51	Total Liabilities		<u>\$254,519</u>

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		<u>\$1,147,367</u>
53	Capital Stock		
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		<u>(\$3,504)</u>
56	Post-petition contributions//(distributions) or (draws)		
57			
58	Market value adjustment		
59	Total Equity (Deficit)		<u>\$1,143,863</u>
60	Total Liabilities and Equity (Deficit)		<u>\$1,398,382</u>

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings

0 -30 Days
31-60 Days
61-90 Days
91+ Days
Total accounts receivable/payable
Allowance for doubtful accounts
Accounts receivable (net)

Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
\$81,412	\$1,750	
\$135,398		
\$207,353		
\$688,855		
\$1,113,018	\$1,750	
	\$1,113,018	

Schedule B

Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes No

How often do you take a complete physical inventory?

Weekly
Monthly
Quarterly
Semi-annually
Annually

Date of last physical inventory was

Date of next physical inventory is

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes No

How often do you take a complete physical inventory?

Weekly
Monthly
Quarterly
Semi-annually
Annually

Date of last physical inventory was

Date of next physical inventory is

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month
Retail/Restaurants - Product for resale	_____
Distribution - Products for resale	_____
Manufacturer - Raw Materials	_____
Work-in-progress	_____
Finished goods	_____
Other - Explain	_____
TOTAL	\$0

Types and Amount of Inventory(ies)

	Inventory(ies) Balance at End of Month

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Total	<u>\$0</u>	<u>\$0</u>

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	<u>\$0</u>	<u>\$0</u>
Furniture & Fixtures -		
Total	<u>\$0</u>	<u>\$0</u>
Office Equipment -		
Total	<u>\$0</u>	<u>\$0</u>
Leasehold Improvements -		
Total	<u>\$0</u>	<u>\$0</u>
Vehicles -		
Total	<u>\$0</u>	<u>\$0</u>

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Taxes	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Schedule F
Pre-Petition Liabilities

List Total Claims For Each Classification -	<u>Claimed Amount</u>	<u>Allowed Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims - See Note 2 on Summary Page	<u><u>\$125,224</u></u>	

(a) List total amount of claims even it under secured.
 (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of America			
Account Type	Analyzed Checking			
Account No.	3755532422			
Account Purpose	General			
Balance, End of Month	\$121,689			
Total Funds on Hand for all Accounts	<u><u>\$121,689</u></u>			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 05/31/06**

		<u>Actual</u>	<u>Cumulative</u>
		<u>Current Month</u>	<u>(Case to Date)</u>
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Management Fees Received from USA Diversified Trust Deed Fund, LLC	\$195,273	\$195,273
8			
9			
10			
11			
12	Total Cash Receipts	<u>\$195,273</u>	<u>\$195,273</u>
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative		\$1,017
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
19	Rent/Lease:		
20	Personal Property		
21	Real Property		
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries		
24	Draws		
25	Commissions/Royalties		
26	Expense Reimbursements		
27	Other		
28	Salaries/Commissions (less employee withholding)		
29	Management Fees	<u>\$195,273</u>	<u>\$195,273</u>
30	Taxes:		
31	Employee Withholding		
32	Employer Payroll Taxes		
33	Real Property Taxes		
34	Other Taxes		
35	Other Cash Outflows:		
36			
37			
38	Total Cash Disbursements:	<u>\$196,290</u>	<u>\$196,290</u>
39	#####	<u>(\$1,017)</u>	<u>(\$1,017)</u>
40	Cash Balance, Beginning of Period	<u>\$122,706</u>	<u>\$122,706</u>
41	Cash Balance, End of Period	<u>\$121,689</u>	<u>\$121,689</u>

STATEMENT OF CASH FLOWS

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/06

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
	Cash Flows From Operating Activities		
1	Cash Received from Sales		
2	Rent/Leases Collected		
3	Interest Received		
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses	\$1,017	\$1,017
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Management Fees Received from USA Diversified Trust Deed Fund, LLC	(\$195,273)	(\$195,273)
22	Management Fees Paid to USA Commercial Mortgage Company	\$195,273	\$195,273
23			
24			
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$1,017)	(\$1,017)
	Cash Flows From Reorganization Items		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U.S. Trustee Quarterly Fees		
31			
32	Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$1,017)	(\$1,017)
	Cash Flows From Investing Activities		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
	Cash Flows From Financing Activities		
38	#### Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	Net Cash Provided (Used) by Financing Activities	\$0	\$0
44	Net Increase (Decrease) in Cash and Cash Equivalents	(\$1,017)	(\$1,017)
45	Cash and Cash Equivalents at Beginning of Month	\$122,706	\$122,706
46	Cash and Cash Equivalents at End of Month	\$121,689	\$121,689